



U.S. TRADE IN PERSPECTIVE

U.S. Department of Commerce, International Trade Administration, Trade Development August 2001



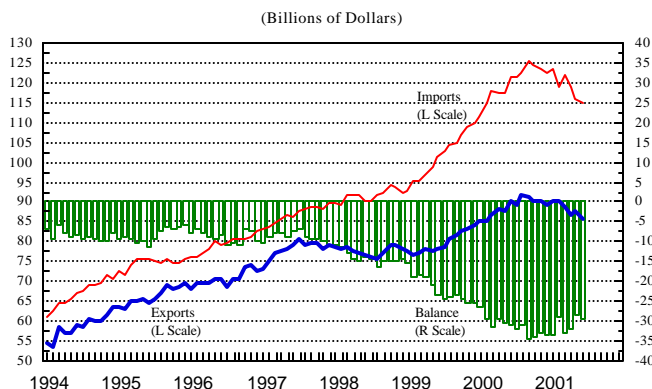
U.S. Trade Deficit Widens in June, Imports and Exports Decline

Recent Developments: *U.S. exports of goods and services declined \$1.7 billion to \$86.0 billion in June 2001 and imports fell \$0.8 billion to \$115.4 billion. The trade deficit was \$29.4 billion, \$0.9 billion larger than May's revised data.*

Trade Performance: Year-to-date, exports were up 1.3 percent, while imports were up 1.9 percent. The goods and services deficit was \$369.8 billion (annual rate), compared with a deficit of \$356.2 billion in the same period in 2000.

In June, U.S. exports of goods decreased \$2.0 billion to \$60.8 billion. The May to June change reflected declines in exports of capital goods such as semiconductors; drilling and oilfield equipment; and civilian aircraft. Decreases were also reflected in consumer goods, namely artwork, antiques, and stamps and pharmaceutical preparations. Merchandise imports declined \$0.8 billion to \$96.5 billion, reflecting decreases in industrial supplies and materials. Some of these goods were electric energy; natural gas; and petroleum products. Decreases also occurred in capital goods such as computer accessories and civilian aircraft. The trade surplus in services was \$6.3 billion in June, up from May.

U.S. INTERNATIONAL TRADE



In the second quarter of 2001, the U.S. trade deficit was 3.5 percent of the gross domestic product (GDP). Last year, the trade deficit was 3.8 percent of GDP, and in 1999, it was 2.8 percent.

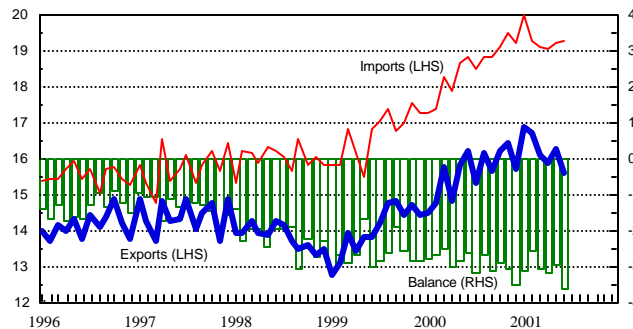
June Highlights:

- The June deficit with Mexico (\$3.1 billion) was a record.
- The June deficit with South/Central America (\$0.4 billion) was the lowest since October 1999 (\$0.3 billion).
- The June surplus with Brazil (\$0.4 billion) was the largest since December 1998 (\$0.5 billion).
- June exports of services (\$25.1 billion) were a record.
- June imports of capital goods (\$24.3 billion) were the lowest since May 1999 (\$24.1 billion).

In the United Kingdom, the economy has weakened - since the middle of last year. Industrial production figures released for June, down 2.2 percent from a year ago, appear to confirm the slowing.

INTERNATIONAL TRADE

(Merchandise, Billions of Pounds)



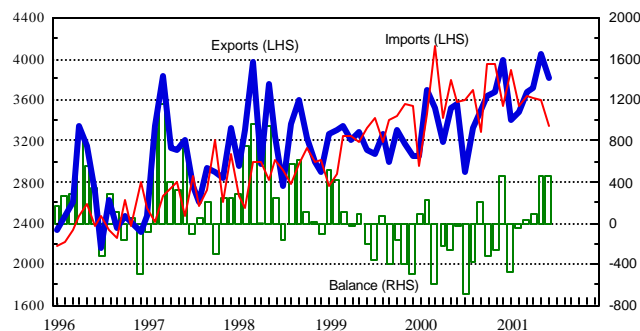
The United Kingdom's Trade with the World - reached 213.4 billion pounds during the first six months of 2001, a 6.6 percent increase over the same period in 2000. During this period, the United Kingdom's exports totaled 97.4 billion pounds, an increase of 6.0 percent, and imports were 115.9 billion pounds, an increase of 7.2 percent. As a result, the United Kingdom had a trade deficit of 37.1 billion pounds (annual rate) so far in 2001, compared to 32.9 billion pounds in the same period in 2000.

U.S.-United Kingdom Bilateral

Trade - reached \$43.8 billion during the first six months of 2001, a 4.5 percent increase over the same period a year ago. During this period, U.S. exports to the United Kingdom totaled \$22.1 billion, an increase of 7.8 percent over the same period a year ago, and U.S. imports were \$21.6 billion, an increase of 1.4 percent. The United States had a trade surplus of \$1.0 billion (annual rate). This compares to a \$1.6 billion deficit in 2000.

U.S. TRADE WITH UNITED KINGDOM

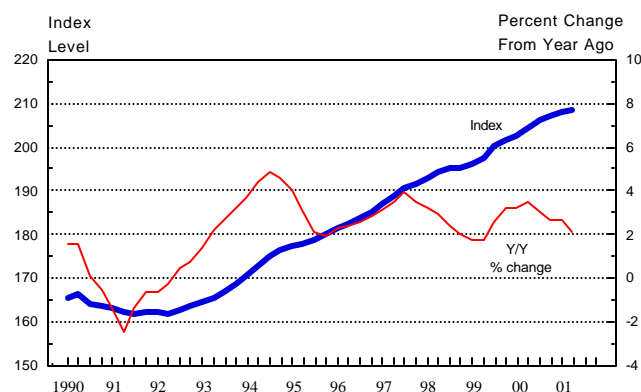
(Millions of Dollars)



Developments in Economic Growth

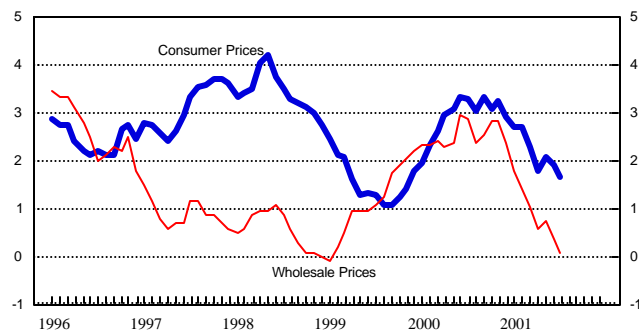
- The United Kingdom's real gross domestic product in the second quarter 2001 was 2.1 percent above a year ago. However, this growth rate is below the 3.4 percent rate recorded in the second quarter 2000.

REAL GROSS DOMESTIC PRODUCT



INFLATION RATES

(Percent Change from Year Ago)

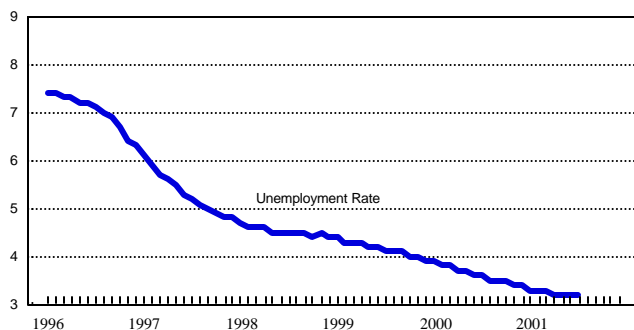


Developments in Inflation -

Consumer price inflation slowed to 1.6 percent in July 2001 from over 3 percent a year earlier. Prices at wholesale were up 0.1 percent in July 2001 compared to just under 3 percent in mid-year 2000.

LABOR MARKETS

(Percent)



Developments in Labor Markets -

In July 2001, the rate of unemployment in the United Kingdom was 3.2 percent, down from 3.6 percent a year ago. The labor market has improved since the beginning of 1996 when the rate of unemployment was at 7.4 percent.

Developments in Financial

Markets - Short-term interest rates in the United Kingdom have been falling during the past year. Money market rates dropped to 4.9 percent in August 2001, a percentage point lower than a year ago. In the meantime, the stock market, the FT Industrial Stock Index, has moved lower, falling 18 percent in the past year.

INTEREST RATES

(Percent)

